OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

Notice of Public Hearing

Under 42 CFR Part 431 and the rules proposed under Part 431 in the September 17, 2010, issue of the Federal Register, 75 FR 56946 – 75 FR 56961, notice is hereby given that on November 14, 2011, at 1:30 p.m., at the Indiana Government Center South, 402 West Washington Street, Conference Center Rooms 1 and 2, Indianapolis, Indiana, **AND** on November 16, 2011, at 1:30 p.m., at the Indiana Government Center South, 402 West Washington Street, Conference Center Room 4, Indianapolis, Indiana, the Family and Social Services Administration will hold a public hearing on a Medicaid 1115 waiver renewal submission to the Centers for Medicare and Medicaid Services to extend the demonstration for the Healthy Indiana Plan (HIP) for calendar years 2013-2015. The current 1115 waiver is set to expire on December 31, 2012. As a result of the recent changes to Medicaid eligibility initiated by the Patient Protection and Affordable Care Act (ACA) and changes authorized by the Indiana General Assembly at IC 12-15-44.2, the waiver renewal application includes the authorized modifications to HIP, as well as a request for HIP to serve as the coverage vehicle for newly-eligible individuals under the ACA Medicaid expansion.

The HIP demonstration project was approved in December 2007, and the program began on January 1, 2008. HIP currently covers nondisabled adults between 19-65 years of age who meet the following qualifying criteria: income less than 200% of federal poverty level (FPL), no access to employer-sponsored insurance, and no health coverage within the six month period prior to application. The program includes a $1,100 deductible and creates Personal Wellness and Responsibility (POWER) accounts to fund the deductible. Individuals are required to make monthly contributions to the POWER account, and the state funds the remainder of the account to ensure the $1,100 deductible can be met. Minimal copayments of $3, $6, or $25 are charged for nonemergent utilization of the emergency room, per the current HIP program. In 2014, the $25 copayment will be eliminated. HIP is delivered via risk-based managed care and provides a basic commercial benefit package once medical costs exceed $1,100. Additionally, $500 in first dollar preventive benefits is provided at no cost to the individual.

There are seven program goals in the proposed 1115 waiver application: (1) reduce the number of uninsured low-income Hoosiers, (2) reduce barriers and improve statewide access to health care services for low-income Hoosiers, (3) promote value-based decision making and personal health responsibility, (4) promote primary prevention, (5) prevent chronic disease progression with secondary prevention, (6) provide appropriate and quality-based health care services, and (7) assure state fiscal responsibility and efficient management of the program. HIP will be evaluated based on progress towards these goals.

HIP currently covers approximately 41,000 individuals. The purpose of this 1115 waiver renewal is to continue HIP for three years, the maximum allowable time period, to use HIP to cover the individuals newly eligible for Medicaid in 2014, and to make other ACA-related changes. Changes to the program in this waiver extension, authorized in IC 12-15-44.2, include:

- A requirement for enrollees to make a minimum contribution to their POWER account of $160 annually (but guarantees that individuals will not pay more than 5% of their income towards health costs).
- An allowance for not-for-profits to make up to 75% of a member's required contribution to the POWER account and authorization for health plans to contribute to the POWER account to incentivize positive health habits. Currently, employers can make up to 50% of an individual's contribution; this remains in place with the addition of the aforementioned provisions.
- Changes HIP eligibility levels to align with the ACA expansion limit of 133% of federal poverty level (FPL) starting on January 1, 2014. The current eligibility threshold is 200% FPL.

In the first three years of the 1115 demonstration project, HIP covered 77,466 individuals. Current enrollment for the program is approximately 41,000 individuals. With waiver approval it is anticipated that, beginning in 2014 with the ACA provisions taking effect, a total of 192,000 parents and 164,000 adults will be enrolled in HIP. Changes to the budget neutrality agreement have been made to reflect the ACA changes. Per the memorandum included in this waiver application, "1115 Waiver – Renewal Budget Neutrality Filing", expected expenditures are $2.3B, $3.9B, and $4.2B (state and federal) in 2013, 2014, and 2015 respectively. The expected savings, respectively, via the waiver for each of those years, are $150.1M, $487.5M, and $538.0M (state and federal).

The state will identify individuals under 21 years of age who qualify for Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services and assure that EPSDT services will be provided to those individuals who qualify. In addition, if an individual is recognized as part of a tribal nation, the state assures that required services will be provided to qualified individuals. The methods and standards for payment are consistent with the current program: not less than (1) the federal Medicare reimbursement rate for the services provided or (2) a rate of

130% of the Medicaid reimbursement rate for a service that does not have a Medicare reimbursement rate.

Copies of the HIP waiver renewal documents are now on file at the Indiana Family and Social Services Administration, Office of the General Counsel, 402 West Washington Street, Room 451, Indianapolis, IN 46204 and are open for public inspection. The documents may also be viewed at:

http://www.in.gov/activecalendar/

by selecting the date or dates of the public hearing. Written comments may be sent to the aforementioned address to the attention of Barbara Nardi or to barbara.nardi@fssa.in.gov through the date of the second hearing on November 16, 2011.

Posted: 10/12/2011 by Legislative Services Agency
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